Strategy Research Project

EVOLVING THE ARMY'S GOVERNMENT-OWNED CONTRACTOR-OPERATED (GOCO) FACILITIES BUSINESS MODEL

BY

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"The Army‟s current business model for its Government Owned, Contractor Operated (GOCO) munitions production facilities, threatens the viability of these National Strategic Assets to respond to a national security crisis. Inadequate funding and poor infrastructure maintenance degrades their ability to support a rapid increase in munitions production. Using Iowa Army Ammunition Plant as the example, I intend to show how modifying the current business model that encourages an adversarial relationship between the operating contractor and the government and its oversight mission in favor of a relationship that leverages a government/contractor partnership can bring these important facilities back to Army Installation standards."

EVOLVING THE ARMY'S GOVERNMENT-OWNED CONTRACTOR-OPERATED (GOCO) FACILITIES BUSINESS MODEL

The early 1940"s crisis of supplying our rapidly expanding forces with sufficient quantities of reliable conventional ammunition required dramatic production capacity increases. Between 1939 and 1941 the US Government annexed land for over 50 new munitions plants with the first production being realized between 1941 and 1943; a construction-to-production average of slightly less than two years. At the end of World War II the United States owned 73 GOCO ammunition production facilities[1]. In the decades that followed, selective facilities were upgraded to meet production requirements for Korea and Vietnam, but most of this extensive production base was divested back to local governments or sold to private contractors. Today there are seven Government Owned, Government Operated (GOGO) depots and six GOCO plants[2]. The GOCO ammunition plants" business model requires the government to maintain production oversight while the operating contractor performs the day-to-day facility operations. This is where the bulk of the nations" idle production capacity exists. With a few important caveats like the type of contracts issued, responsibility for environmental oversight and compliance, and development and implementation of safety in all production and support processes, the Government Owned, Contractor Operated (GOCO) business model is still in much the same form as it was at the end of World War II.

National leaders must decide whether it"s in the United States" best interest to invest in the government-owned infrastructure to maintain a strategic ammunition production capacity or allow these national assets to continue on their current under

resourced and accelerating path to becoming ineffectual. Through its Installation Management Command (IMCOM), the Army has initiated a strategic infrastructure program that provides a proven funding, and maintenance and construction framework to leverage if fiscal resources are made available to revitalize the GOCO strategic infrastructure[3]. While this prudent measure makes the rapid utilization of fiscal resources possible, money is only half of the answer to restoring the strategic base. The U.S. government"s long-standing defense policy of maintaining strategic production capacity at idle or seldom used government-owned industrial base facilities requires a new management strategy to effectively utilize the GOCO model[4]. Using Iowa Army Ammunition Plant as an example, I intend to show how transforming the GOCO business model from the existing adversarial oversight system to a Government-Contractor partnership based system can provide an adequate system of cataloging, planning, and funding the munitions industrial base infrastructure. This improved business model can efficiently integrate Army Materiel Command (AMC) industrial know-how with IMCOM"s base-operations systems to reestablish the government"s industrial base production capability to preserve our nation"s strategic ammunition production capacity.

How the Munitions Industrial Base (MIB) Declined to its Current Poor Condition

The U.S. munitions supply strategy consists of maintaining massive stockpiles of conventional munitions while retaining the ability to surge the MIB – rapidly increase production rates – in case of major conflicts. Vast conventional munitions stockpiles in the inventory after WW II diminished the need for most new production[5]. The large wartime industrial base and its excess production capacity created little pressure on the munitions industrial base to upgrade and modernize their facilities. Then, (as is true

now) the MIB consisted of two broad categories of facilities; “organic” and “commercial.” The organic category comprises government-owned/government-operated (GOGO) and government-owned/contractor-operated (GOCO) facilities. The commercial base, commercially owned/commercially operated facilities, consists of both prime contractors (responsible for end-item production) and numerous subcontractors (suppliers of components to both government and commercial end item munitions producers).[6] These suppliers were more than adequate to meet any foreseeable production requirement. In the six+ decades that followed, the Department of Defense community chose to fund strategic base infrastructure maintenance costs through the cost of product or in unit costs[7]. This is accomplished through various contractual mechanisms, plus a limited allocation of procurement dollars where “cost of product” dollars are not feasible. While contractually sound and appearing to meet infrastructure maintenance costs, there was no command reporting follow up to validate its effectiveness. This funding methodology left the onus primarily on the operating contractor to absorb (and/or defer) the bulk of the enormous overhead costs associated with idle facility upkeep. However, the appearance of good stewardship practices in this policy generated very little political or private sector demand to budget for GOCO infrastructure maintenance.

Compounding this dilemma is the Department of Defense"s acquisition policy to leverage the commercial base rather than the organic base as a cost savings measure[8]. Consequently new production contracts for GOCO facilities have not generated sufficient capital to support even minimal infrastructure maintenance requirements on unutilized facilities. While national policy requires the government to maintain a

strategic munitions production capacity, acquisition policy is to leverage the private sector as the preferred munitions supplier[9]. This acquisition logic is simple and provides the government with the best "bang-for-the-buck" on its munitions contracts, but the dichotomy between national and acquisition policy creates a capability gap when considering how to adequately maintain our strategic capacity at the GOCOs. The private sector is unburdened by the overhead costs associated with operating a government facility and can sell their munitions products of the same quality for less money. The GOCO operating contractor is required to meet DoD or Army standards in all areas of plant operation[10]. As an example, armed guard force requirements at Iowa Army Ammunition Plant (AAP) call for the operating contractor to hire a several dozen personnel to perform 24/7 shift work, receive multiple certifications annually, and maintain facilities, equipment, and up-to-date technology as overhead expenses. The commercial base (which is in direct competition with the organic base for limited contracts) is unburdened with this government requirement. In the guard force example a commercial operation may simply employ couple of guards roving in a vehicle with a radio to call local first responders as their only security overhead[11]. This contractual arrangement allows the government maximum flexibility when selecting its production sources. When acquisition managers apply DoD"s commercial-first requirements, they accept very little risk on its yearly acquisition strategy, but in the long term they effectively cripple DoD"s ability to rapidly surge the munitions industrial base. Defense planners continue to rely on our huge, but aging, large caliber munitions stockpiles. These stockpiles allow a rapid response in case of a military crisis, but they are

expensive to create, maintain, and in many cases, dispose of when they are no longer needed.

As previously stated, current GOCO munitions manufacturing facilities have operated for six decades without major renovation and are not only obsolete technologically, but in many cases the former production lines have been idle for nearly three decades and are crumbling from neglect. This creates extremely high overhead costs (in part owing to low production rates) and inflexible production capacity. The poorer the infrastructure the less capable it becomes and the less reactive it is in case of a national emergency. In the event of sustained high intensity conflicts, the stockpiles of several types of artillery and tank ammunition will be depleted much faster than they can be produced as resources are shifted away from depots to the Combatant Commands. While existing production can be increased in the short term by applying additional shifts, some components required to load, assemble, and pack complete rounds are commercially procured and may take longer for secondary and tertiary contractors to meet the increased requirements. Sustained high intensity conflicts can only be supported by purchasing more ammunition. This can only be achieved with new production capability, which means reactivating cold infrastructure or building new facilities to meet consumption requirements. That additional capacity does not exist in the commercial base and is quickly disappearing in the organic base.

Iowa AAP once operated 13 production lines simultaneously. As national munitions production requirements diminished, seven of the production lines were idled and put into inactive status. Under terms of the current operating contract, the government is required to maintain idle or layaway facilities. After 60 years of little to no

maintenance funding, these inactive lines have become so dilapidated and dangerous that six have been condemned. Three of those six facilities have been reduced (torn down) and three others are scheduled for reduction. The remaining underutilized production line is an underground facility that can be put back into service with extensive renovation. These former production facilities about to undergo demolition currently occupy prime production property in the middle of the plant which can be reutilized for contractor or government investment in new production facilities.

While the government-owned munitions production infrastructure has gradually decayed, significant advances continue to be made in munitions technology. Research into concepts for advanced penetrators, insensitive energetics (explosives), guidance systems, and new smart munitions have been developed. The exceptional performance of precision munitions during Operation Desert Storm and in the Kosovo air campaign demonstrated that these newer precision weapons are far superior to conventional (dumb) munitions. The improvements realized in precision capabilities in the twenty years that followed have made these types of weapons mainstream in nearly all operations today. Consequently, commanders at all levels build these capabilities into battle plans and rely on their accuracy to accomplish increasingly important objectives[12]. Our strategic planners understand this is the future of warfare and smart munitions enhance the goals of rapid victory with minimal casualties. Production and infrastructure funding and facility maintenance priorities have not transformed with technology to meet requirements for the new weapons. This inflexible facility maintenance policy contributes to the massive stockpiles of increasingly underused dumb projectiles and missiles and limits the opportunity to incorporate advanced

production technology into the organic base. While Iowa AAP‟s facility operating contractor self investment in plant infrastructure to develop these new capabilities is a key element in their ability to win new production contracts, the government‟s stalwart unwillingness to adequately address its obligation for strategic infrastructure maintenance is a key Research and Development (R&D) limiting factor. Increasingly poor infrastructure leaves the operating contractor with little to leverage in terms of facilities in which to employ those new production methods and technology. This situation must be overcome if the nation is going to retain a sufficient munitions productions surge capability in precision munitions and the advanced energetics required in their warheads.

At Iowa AAP, the operating contractor is required to invest capital to maintain the facilities and infrastructure he is actively using for his benefit. The operating contractor bids on government contracts as a prime vendor as well as contracts from other prime vendors to make their components or perform a load, assemble, and pack function on their behalf, commonly known as a “third party contract”. The government‟s part of this contractual arrangement is to provide quality, safety, and environmental oversight of all plant activity, as well as keeping idle facilities maintained and production capable. At Iowa AAP, the current business model (i.e. Government oversight of contractor safety and quality processes) is flawed due to two main factors.

1) Limited government requirements for new production of traditionally high volume munitions and private sector competition for those contracts keeps production quantities at GOCOs too low for the contractor to adequately fund infrastructure upkeep for the entire facility. Iowa AAP is a key source for DoD‟s 155mm High Explosive (HE)

artillery projectiles. Production for that commodity should be a multi-shift production effort, but due to abundant stockpiles of these munitions, the contract workload and weekly production schedules must be meticulously managed to ensure perishable worker expertise is not jeopardized. In another example, the overhead burden limits the contractor"s ability to compete for valuable production contracts that would enhance their ability to fund infrastructure upkeep. For instance, in order to compete for an upcoming contract for several million artillery charges, the contractor self-invested a significant sum to develop a high-volume, technologically advanced, environmentally sound Modular Artillery Charging System (MACS) processing facility. The contractor"s proposal (bid) to win the contract was at calculated at break-even prices, but due to overhead costs related to operating on a government facility, they still lost the contract to a commercial bidder by several million dollars. In this instance the business model flaw is related to how a firm fixed price contract limits both the government and the contractor"s capabilities and contributes to the continual infrastructure decline.

2) The government has never adequately funded idle facility maintenance requirements at munitions production facilities. This task has been accomplished sporadically at Iowa AAP through real property requests for procurement dollars to Joint Munitions Command (JMC) and Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASAALT). This arrangement worked well for the government for nearly 50 years because the facilities were well constructed and the government didn"t have to expend an extraordinary amount of resources to keep them production ready. The government basically had their fiscal cake and ate it too. Over the past 15 years, the plant"s key infrastructure (electric grid, water, steam, sewer,

electrical, heat, rail, and road networks) has deteriorated to the point where they can no longer be economically repaired. The government has rested comfortably on its ill-conceived policy that production infrastructure must be 100% funded through the cost of product[13].

MIB infrastructure maintenance requirements must be funded, but the current condition of the facilities (and the problem of fixing the root causes of their deterioration) cannot be solved simply by declaring it as production overhead or throwing short term procurement money at it. GOCO infrastructure and real property are the main attraction for potential facility contract bidders. The production and oversight arrangement between the contractor and the government staff must transform and the GOCO business model must adapt to effectively rebuild the organic production base. In doing so, it becomes more competitive with the commercial base and more attractive to the munitions production industry as a viable business alternative. When the GOCO business model is more attractive to industry, competition to win facility contracts will increase as well. To that end, one of our depots is experimenting with a program in Performance Based Logistics that brings contractor and government workforces together to seek efficiencies and better use of tax payer dollars, and possibly better fundamental management of our organic base.[14]

Proposals

I propose three lines of effort (LOE) to reorganize Iowa AAP"s (and subsequently all GOCOs) business model to make it an effective, competitive organization with the capacity to rapidly expand production rates in the event of a national crisis. I"ll call these LOEs Integration, Conversion, and Optimization. The latter two lines of effort require either contractual or statutory changes in order to be implemented.

Nevertheless, it"s a process that must be undertaken to ensure the organic base infrastructure remains viable and these national assets are not only preserved, but become increasingly competitive with their commercial base counterparts.

Integration LOE

This LOE requires the Army to align GOCO munitions plants with IMCOM regions in order to capitalize on Army Materiel Command"s core competency of performing industrial operations and IMCOM"s core competency of managing installation operations[15]. This integration leverages IMCOM"s garrison operations knowledge and existing budget systems to improve facility maintenance and management operation at the Army"s industrial facilities. This is a valuable first step because it can be implemented without modifying contractual terms or violating statutory requirements.

Under this arrangement the ammo plant commander wears two hats; a JMC hat for contractor oversight and an IMCOM hat for facility management. This fundamental change in government oversight responsibility between JMC and IMCOM is currently in its planning and test phase at four AMC industrial facilities. The first two are GOGOs, Tooele Army Depot (TEAD) and Anniston Army Depot (ANAD), and the other two are GOCO"s, Hawthorne Army Ammunition (HWAAD) and Holston Army Ammunition Plant (HSAAP)[16]. This pilot allows facility infrastructure requirements at both types of industrial base operations to drive the budget process rather than pull unfunded requirements from it after the procurement budget is established. This integration is highly feasible since it allows the facility operations and production oversight mission to continue to develop in parallel with the IMCOM relationship. During Integration the government staff is expanded to incorporate a small IMCOM team of facility

management specialists, including a facility general manager with a garrison operations background. This team reviews and updates the infrastructure data that already exists and develops a facility roadmap. This roadmap details structures that must be reduced and identifies those that can be economically put back into service. They will oversee the preparation of upgrade and maintenance plans for utility lines, the steam plants, railroad lines, and the road network. Additionally, the team provides resident expertise on soil and water environmental cleanup, and manages the facility‟s Morale, Welfare, and Recreation (MWR) activities. The benefit of this staff integration and expansion is that the current staff is performing all these BASOPS tasks now, but without the installation management systems and budget support that IMCOM brings to the mission. The challenge is expectation management at all levels from local communities to state and national government agencies for realizing significant physical improvements at the plant. The Army operates on a five year Program Objective Memorandum (POM) cycle, so integrating these large facilities‟ requirements into the POM cycle and eventually into the new construction bills will demand thorough analysis, planning, and budgeting up to 15 years out. While that‟s not a large organizational planning departure from the rest of DoD‟s installation management practices, integrating AMC Special Installation requirements into the Assistant Chief of Staff for Installation Management‟s (ACSIM) budgetary cycle requires additional consideration and prioritization that must be managed within the two chains-of-command, among political leaders, and in the press.

The second major Integration LOE requirement is assigning the Procurement Contacting Officer (PCO) to the IAAAP staff. This key individual performs all the vital

contacting actions related to any decision regarding the plant‟s operating contract scope. The trend towards consolidating the contractual decision making process at JMC headquarters provides a centralized cadre of Acquisition and Contracting Command personnel to the JMC Commander, but it effectively removes the plant commander and his staff (including the administrative contracting officer [ACO]) from this aspect of the oversight process. To reverse that trend and the consequence of plant staff marginalization that results from it, the PCO and the ACO must both be part of the plant commander‟s staff.

The advantages of co-locating the PCO at the plant will become most apparent during the Conversion and Optimization LOEs, both of which require fundamental modifications to the Iowa AAP facility contract, strong AMC and Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASA(ALT)) support, and extensive legal analysis to change key aspects of the Federal Acquisition Regulation (FAR) and Title 48. His assignment to the plant commander‟s staff during the Integration LOE provides the foundation and contractual authority necessary to shift JMC staff‟s daily focus from Rock Island Arsenal to the IAAAP commander and his staff as the principal transformation change agents throughout each phase.

Lastly, but equally important in the integration phase, is obtaining and maintaining International Organization of Standardization (ISO) (a system of internationally recognized management standards common throughout industry) registration on three key government oversight systems; ISO 9001 registration of the government‟s quality management program, ISO 14001 for Environmental systems, and ISO 18001 for Safety Management Programs. These internationally recognized

certifications lend instant credibility to the government‟s key oversight programs, makes the facility more attractive as a production choice for both government procurement agencies and commercial vendors who require IAAAPs unique munitions production capabilities. This is the ACO staff‟s first step in positioning itself to morph from it‟s purely oversight role to a partnership with the operating contractor where the government manages and funds the facilities BASOPS functions. During the Integration LOE, BASOPs control is limited to idle facilities the operating contractor is not using for its benefit. Nevertheless, the operating contractor retains exclusive plant use per its current contract, but it can now leverage the government‟s ISO registrations to bring work and recognition to the facility. The government‟s ISO programs continue to expand to most staff responsibilities as the partnership-based business model develops.

Conversion LOE

During the Conversion LOE, the facility contractor„s role changes from being the organization primarily responsible for managing and operating every aspect of the facility (with a small measure of sporadic government fiscal support), to being a tenant on a government facility where self investment in infrastructure improvements is rewarded and scheduled service fees are the contractual norm. This is not a significant departure from their current facility operations overhead because those costs are shifted to fees paid to the government for providing those services through a fee schedule. The difference is in the national recognition that a problem exists and a viable solution is applied to keeping our strategic production capability intact. The benefit is the government‟s role expands from safety and quality management oversight to incorporate the Army‟s BASOPS mission to the facility. This sea change in managing the nation‟s strategic munitions production infrastructure requires the government to

accept fiscal responsibility for maintaining the organic base. While the facility contractor‟s operational costs are only slightly impacted based on a service fee schedule, the government will shoulder significant facility renovation costs to bring idle facilities back to DA standards.

The Conversion LOE begins with IMCOM applying and prioritizing IAAAP‟s idle facility maintenance requirements to its Regional operating budget and unfunded requirements document. Although it seems like a small step, it marks a fundamental shift in how the GOCO infrastructure is viewed in terms of Planning, Programming, Budgeting and Execution (PPBE) process, the Future Years Defense Programs (FYDP), types of dollars leveraged, and national defense priorities. In the Iowa AAP microcosm, it moves the excess or underutilized organic base infrastructure maintenance from Procurement Army (PA) to Operation and Maintenance, Army (OMA) funding where IMCOM will program those requirements to compete with other Army installations for resources. This change also marks the first hurdle in lobbying congress to accept that GOCO business model transformation is not only a feasible and cost-effective method of reviving the nation‟s industrial infrastructure and strategic munitions production capacity, but also benefits the nation with a leaner and more competitive organic munitions production base.

The next Conversion step requires modifying the Iowa AAP facility contract to move traditional base operations (BASOPS) functions from the operating contractor to government control. If contractual timing permits, this Conversion LOE shift may occur after the current facility contract ends and become the basis for the facility‟s next prime contract recompetition; possibly in 2019. The plant‟s facility management and daily

maintenance, external physical security, and environmental systems are shifted to the government staff. To maintain contractual equilibrium across the munitions production industry, the contractor is not divested of his requirement to provide these services. Instead of managing these BASOPS functions directly, the contractor will pay the government a flat rate for those services in areas it actively uses for its benefit as part of the facility contract. Plant infrastructure systems such as rail, steam, water, electrical, and sewer become government responsibility with contractor self investment encouraged through a cost plus type contract and required through a fee schedule on active production facilities. Services functions such as equipment maintenance, snow removal, and MWR activities become government responsibilities with contractor self investment in areas where it benefits them, such as information technology improvements in fiber optics or wireless connections within the facility. Test and Evaluation range funding remains a mixture of PEO Ammo (PA funded) and contractor funded programs which benefit the plant‟s explosives production mission.

Optimization LOE

The Optimization LOE modifies the contractual relationship between the government and the operating contractor to permit limited partnerships designed to make Iowa AAP more attractive to the entire munitions production industry, not only as a load, assemble, and pack facility for third party contracts, but also as a competitive option for prime contracts and new component production. At its most efficient form, Iowa AAP should be the most attractive and sought after production facility available to potential bidders during next facility use competition. It‟s in the government‟s best interests to further level the playing field with commercial counterparts to keep the price of ammunition as competitive as possible. Awarding more production contracts to the

organic base provides the fiscal resources for operating contractor self investment in improved production technology, R&D, or new construction and production capacity to bring more business to the organic base.

The traditional Government/Contractor relationship is governed by the Federal Acquisition Regulation which keeps the government in a strict oversight role, limited to ensuring the facility contracts" terms are adhered to and performing functions deemed as inherently governmental.[17] In the event the government opted to fully fund all BASOPs functions, the inherent governmental responsibility for safety, the environment, and quality management remains in place and requires a degree of government oversight in any GOCO business model. However, the laws which dictate the current adversarial relationship between the two main facility stakeholders also expressly prohibit the partnering and cooperation required to affect the most efficient solution for maintaining our strategic ammunition production capacity. To fully optimize GOCO operations, the government must choose to modify existing US Code and the Federal Acquisition Regulation (FAR). This process of recommending changes to the industrial base processes to Congress is no simple task. I agree with The Heritage Foundation"s article that stated,

> Exploring where the statutory and regulatory barriers to expanded performance-based logistics may reside is best done on a limited and tentative basis. Further, it must be done in a way that from the beginning requests input from defense contractors, the depot managers, depot union representatives, and senior management from the Department of Defense. The best approach for Congress is to include a provision in the fiscal year 2011 Department of Defense Authorization Bill to establish a pilot program for this purpose.

The Nation"s and the Army"s interests are best served if we maintain the GOCO business model, as opposed to shifting to a GOGO operation, but we will continue to

realize only a portion of its potential unless we set the conditions to optimize both the contractor"s and the government"s capabilities. The optimizing conditions we want to set are as follows: 1) The contractor"s and the government"s maintenance and supply capabilities may be integrated when beneficial to both parties to support the plant"s Government Furnished Equipment (GFE) readiness status. 2) The government staff may publicize and advertize its current oversight-based ISO registrations on behalf of the facility and the contractor to bring new or additional production work to the plant. 3) The government and contractor may enter into cost-sharing arrangements to construct new facilities that will benefit the U.S. strategic production capacity and the contractor"s ability to win new contracts using those new facilities. 4) Facility contracts become cost-plus type contracts that reward operating contractor self investment in the facility and are awarded for not less than 30 years. This contract timeline allows the industry the maximum flexibility in generating proposals to win the operating contract by ensuring the contractor has time to recoup its investment in the infrastructure which makes GOCOs a more attractive production alternative.

Conclusion

Since 1794, when Congress first appropriated funds for the building of arsenals as well as the manufacture of armaments and ammunition, no governmental agency, body, or organization has been as fundamentally important to the sustained power of the United States as the munitions industrial base[18]. Despite the billions of tons of ordnance we"ve produced, the thousands of ships the MIB has filled with critical war materiel, and the untold number of servicemen and women who relied on its efforts to provide reliable and lethal munitions, most Americans don"t know – or never knew – how important it is to them. We"ve lost seven strategic production lines to neglect at

Iowa AAP alone and six of those cannot be renovated, only replaced with new construction. We don"t yet know how the declining Defense budget will impact the munitions industrial base, but existing production challenges at GOCOs (i.e., aging workforce, increasing dependency on foreign sources for key components, and facility maintenance and readiness)[19] are already taxing GOCO effectiveness and making these strategic facilities an unattractive production venue for most munitions-related contractors. Transforming the GOCO business model and reestablishing strategic facilities at key production centers like Iowa AAP is necessary to reenergize the nation"s strategic munitions production capacity. This transformation effort can only be accomplished with structured action at four key government bodies:

- Congress. Congressional action to change key Government and Contractor requirements in the FAR and Title 48, or create new GOCO-specific legislation to permit Government/contractor partnerships at specific strategic facilities as a method to ensure effective and sustained infrastructure recapitalization.

- Secretary of Defense / USD(AT&L). Rewrite DoD Instruction 5160.69 to allow both Procurement Army, and Operation and Maintenance (OMA) budget processes for Production Base Support (PBS) programs (Provision of Industrial Facilities (PIF), Layaway of Industrial Facilities (LIF), and Maintenance of Inactive Facilities (MIF)) and related projects.[20]

- ASA(ALT), Acquisition, and Contracting Commands. Recognize and elevate the strategic value of GOCO contracts in the best-value process. Accept

GOCO Plant Commander recommendations for flexibility in facility contract types (i.e. Cost-Plus vs. Firm Fixed Price) founded on partnerships rather than solely on oversight.

- AMC and ACSIM. Revert to decentralized GOCO facility management. Integrate IMCOM BASOPS capabilities at each GOCO staff. Co-locate the Procurement Contracting Officer with the GOCO staff. Bring the GOCO chain of command back as the MIB center of gravity, downsizing Joint Munitions Command (JMC) and Joint Munitions and Lethality Lifecycle Management Command (JM&L LCMC) staffs as the personnel bill payer to move necessary staff capabilities to the plants.

While this GOCO transformation methodology departs significantly from traditional acquisition and legal precedent, the improvements these changes in management, contracting, and budget processes provide to the United States‟ strategic capacity to generate combat power is clear and necessary. Failure to act over time to mitigate institutional shortcomings regarding PBS requirements have already wreaked havoc on the infrastructure and left the US with a production surge capacity shortfall. I am optimistic that one of my future tasks will be to help resolve this weakness in our national defense posture.

Endnotes

[1] U.S. Army Environmental Command, “Supporting the Front Lines: Ammunition Production and Storage during WWII”, 2008. *Joint Munitions Command Historical Archives*, extract

[2] Single Manager for Conventional Ammunition, Industrial Base Strategic Plan: 2015, Program Executive Office Ammunition, 2009. 2

[3] Assistant Chief of Staff for Installation Management, “Special Installation Pilot Conference”, Briefing Slides Oct 2010

[4] Single Manager for Conventional Ammunition, *Industrial Base Strategic Plan*. 15

[5] When I commanded Iowa AAP, I explored the reason for the seemingly inexplicably low production number with Joint Munitions Command‟s item managers, Picatinny‟s R&D staff, and the plant‟s operating contractor. Their explanations for the limited production quantities were similar enough that it became a standard talking point for me when the plant hosted distinguished visitors or other guests

[6] Munitions Manufacturing; A Call for Modernization, Board on Manufacturing and Engineering Design, *National Academies Press*, 2002. http://books.nap.edu/openbook.php?record_id=10351&page=R1. 11-13 (accessed January 27, 2011)

[7] Department of Defense Instruction 5160.68, Single Manager for Conventional Ammunition (SMCA): Responsibilities of the SMCA, the Military Services, and United States Special Operations Command (USSOCOM), December 29, 2008. 8

[8] Ibid.,9

[9] U.S. Department of the Army, Logistics, Army Industrial Base Process, AR 700-90, (Washington, DC: U.S. Department of the Army, 14 December 2004) 1.

[10] Iowa AAP Facility Use Contract, Section C, Installation Security/Antiterrorism Statement of Work, 2009, Page 21

[11] The “armed guard” example is based on conversations I had with a commercial contractor‟s Chief Operating Officer in 2009 at a munitions executive conference in Salt Lake City. He described his security apparatus and asserted that his lower security overhead routinely gave his company an advantage over his GOCO competition.

[12] As the theater munitions manager for Operations Iraqi Freedom and Enduring Freedom in FY 10, I witnessed the disproportionate increases in requests for precision munitions over standard projectiles and rockets to support key operations across both Areas of Operation

[13] Department of Defense Instruction 5160.68, Single Manager for Conventional Ammunition (SMCA). 9

[14] Baker Spring, “Performance-Based Logistics: Making the Military More Efficient”, *The Heritage Foundation*, May 6, 2010, http://www.heritage.org/Research/Reports/2010/05/Performance-Based-Logistics-Making-the-Military-More-Efficient. (accessed January 27, 2011)

[15] Kathy Anderson, “TEAD Participates in Special Installation Pilot Study”, May 26, 2010 http://www.army.mil/-news/2010/05/26/39847-tead-participates-in-special-installation-pilot-study/ (accessed February, 27 2011)

[16] Ibid.

[17] Federal Acquisition Regulation, Vol. 1, March 2005, Part 7.3. Contractor vs Government Performance

[18] Professor Bernard Griffard, US Army War College, interviewed by author, 3 March 2011

[19] Defense Contract Management Agency, The Economic Crisis and Its Impact on the DIB: Defense Industrial Base Forecasts 2010-2020, 16 June 2010, by James H. Averill. http://www.usasymposium.com/ibconference/ Conference%20PDF/ DCMA%2016Jun%20PM%20Breakout%20Session%20LH1105/Averell%2016Jun%20PM%20Presentation%202%20LH1105.pdf. (accessed February 25, 2011)

[20] Department of Defense Instruction 5160.68, Single Manager for Conventional Ammunition (SMCA) P. 10